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Finance Act 1978

Section 6 - Amendment of Section 35b

In section 35B of the Income-tax Act, -

(a) in sub-section (1), -

(i) in the proviso to clause (a), after the words, figures and letters "after the 28th day of February, 1973", the words, figures and letters "but before the 1st day of April, 1978" shall be inserted;

(ii) in clause (b), -

(1) in sub-clause (i), the words, figures and letters "where such expenditure is incurred before the 1st day of April, 1978" shall be inserted at the end;

(2) in sub-clause (iii), the words, figures and letters, "where such expenditure is incurred before the 1st day of April, 1978" shall be inserted at the end;

(b) after sub-section (1), the following sub-section shall be inserted, namely :-

"(1A) Notwithstanding anything contained in sub-section (1), no deduction under this section shall be allowed in relation to any expenditure incurred after 31st day of March, 1978, unless the following conditions are fulfilled, namely :-

(a) the assessee referred to in that sub-section is engaged in -

(i) the business of export of goods and is either a small-scale exporter or a holder of an Export House Certificate; or

(ii) the business of provision of technical know-how, or the rendering or services in connection with the provision of technical know-how, to persons outside India; and

(b) the expenditure referred to in that sub-section is incurred by the assessee wholly and exclusively for the purposes of the business referred to in sub-clause (i) or, as the case may be, sub-clause (ii) of clause (a).

Explanation : For the purposes of this sub-section, -

(a) "small-scale exporter" means a person who exports goods manufactured or produced in any small-scale industrial undertaking or undertakings owned by him :

Provided that such person does not own any industrial undertaking which is not a small-scale industrial undertaking;

(b) "Export House Certificate" means a valid Export House Certificate issued by Chief Controller of Imports and Exports, Government of India;

(c) "provision of technical know-how" has the meaning assigned to it in sub-section (2) of section 80MM;

(d) "small-scale industrial undertaking" has the meaning assigned to it in clause (2) of the Explanation below sub-section (2) of section 32A.".

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